

# PROGRAM HIGHLIGHTS: Unemployment Insurance

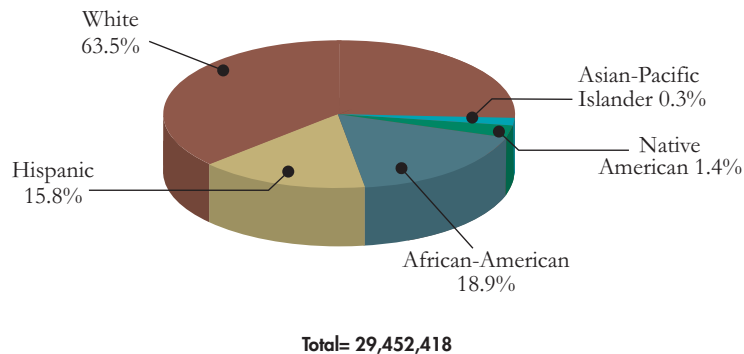
Workforce System Results  
December 31, 2005

The Federal-State Unemployment Insurance (UI) system has been the nation's first line of defense against unemployment for 70 years. By temporarily replacing part of lost wages, it ameliorates personal financial hardship due to unemployment, and stabilizes the economy during economic downturns. By design, the UI system is highly reactive to changes in the economic climate, whether these changes result from the usual ebb and flow of the business cycle or from periodic shocks such as natural disasters. The UI system's benefit structure is premised on reemployment; consequently, benefits are temporary; initial and continuing benefit eligibility requires that a claimant's unemployment be involuntary; and claimants must be able to work, available for work, and, typically, actively seeking work. The concrete application of these requirements varies considerably among the 53 State UI programs (which include the District of Columbia, Puerto Rico, and the Virgin Islands).

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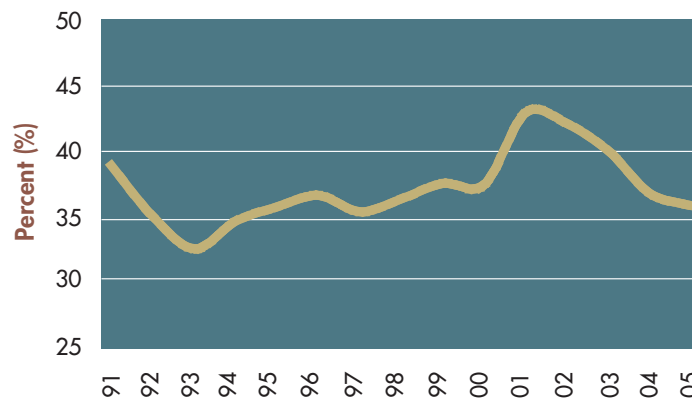
early 29.5 million individuals received Unemployment Insurance benefits in CY 2005. Of these, 56 percent were male and 44 percent female. About three quarters of the recipients were in the prime working years, age 25-54, while about 15 percent were age 55 and over. The age distribution has been consistent over time. The majority of UI recipients are White, almost two thirds, while nearly 19 percent are African-American and 16 percent Hispanic. Native Americans and Asian-Pacific Islanders account for less than 2 percent of recipients.

## Racial and Ethnic Distribution of UI Recipients CY 2006



The Recipency Rate, the percentage of eligible persons receiving Unemployment Insurance, was 35.7 percent in CY 2005, its lowest 1997. The Exhaustion Rate, the percent of recipients who exhaust their benefits before finding work, was 35.9 percent in CY 2005. This rate has dropped in the last two years after peaking at a 15 year high in 2003. While these rates fluctuate annually between 33 percent and 43 percent, they are at or near the mean values of the past 15 years.

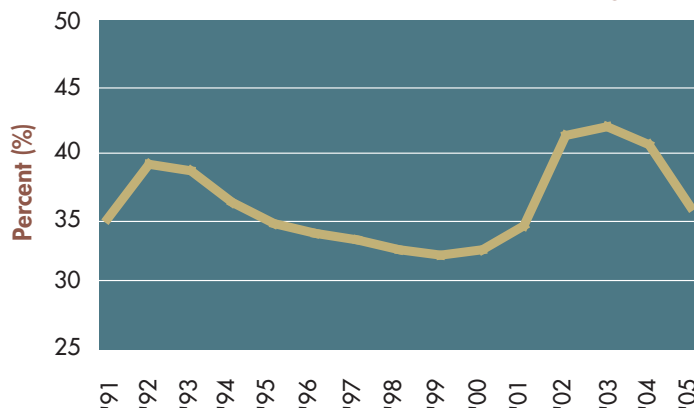
## Recipency Rate (12-Month Average)



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Exhaustion Rate (12-Month Average)



The Gulf hurricanes put significant stress on the UI system in the last quarter of the year, which is the first quarter of a new fiscal year for the program. Not only did Louisiana and Mississippi feel the burden, but such large aid-giving states as Texas and California also were impacted. These effects are likely to be felt throughout the fiscal year. Nonetheless, the system came close to achieving its annual performance goals. For the quarter, first placement timeliness reached 88.2 percent, less than two percentage points from the 89.9 percent target. The detection of overpayments, at 62.9 percent exceeded the goal by nearly 3 percent, while the percent of timely new status determinations was nearly right on the target figure. These results are summarized in the following table.

Unemployment Insurance System	FY 2006 Annual Goals	First Quarter Results (10/1/2005-12/31/2005)
Percent of intrastate payments made timely	89.9%	88.2%
Detection of recoverable overpayments	59.5%	62.9%
Percent of employer tax liability determinations made timely	82.5%	82.4%

### PERFORMANCE MEASURES

**Payment Timeliness.** Make 89.9 percent of all intrastate first payments within 14 days following the first compensable week in states with a waiting week, and 21 days in non-waiting week states.

#### Establish Tax Accounts

**Promptly.** Make 82.5 percent of new employer liability determinations within 90 days of the end of the quarter in which liability occurred.

#### Detect Benefit Overpayments.

Establishment of a system for recovery of 59.5 percent of the BAM estimate of recoverable dollar overpayments most detectable through State operations.

#### Facilitate Reemployment.

Establish a baseline and set targets for the percentage of UI claimants who are reemployed by the end of the first quarter after the quarter in which they received their first payment.